

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-01969A
Hatch Valley Water Company
P. O. Box 271
Peach Springs AZ 86434

RECEIVED

JUL 05 2005

AZ Corporation Commission
Director Of Utilities

H

ANNUAL REPORT

FOR YEAR ENDING

12	31	2004
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FOR COMMISSION USE

ANN04	04
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COMPANY INFORMATION

Company Name (Business Name) <u>HATCH VALLEY WATER Co.</u>		
Mailing Address <u>P.O. Box 271</u>		
<u>PEACH</u> (City)	<u>SPRINGS</u> (Street)	<u>ARIZONA</u> (State)
		<u>86434</u> (Zip)
<u>928-769-2317</u> Telephone No. (Include Area Code)	<u>SAME</u> Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)
Email Address _____		
Local Office Mailing Address <u>SAME AS ABOVE</u>		
(Street)		
		(City)
		(State)
		(Zip)
 Local Office Telephone No. (Include Area Code)	 Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)
Email Address _____		

MANAGEMENT INFORMATION

Management Contact: <u>RICHARD L. SCHNEIDER</u> <u>PRESIDENT</u>			
<u>Hc 35 Box 211</u> (Street)		<u>PEACH SPRINGS</u> (City)	<u>ARIZ.</u> <u>86434</u> (State) (Zip)
<u>928-769-2317</u> Telephone No. (Include Area Code)		 Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)
Email Address _____			
On Site Manager: <u>SAME AS ABOVE</u>			
(Name)			
		(Street)	(City)
		(State)	(Zip)
 Telephone No. (Include Area Code)	 Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Richard L. Schneider
(Name)
Hc 35 Box 211 Peach Springs Az. 86434
(Street) (City) (State) (Zip)
928-769-2317 SAME _____
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)
Attorney: _____
(Name)

(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- ☐ Sole Proprietor (S) ☒ C Corporation (C) *Non-Profit* (Other than Association/Co-op)
☐ Partnership (P) ☐ Subchapter S Corporation (Z)
☐ Bankruptcy (B) ☐ Association/Co-op (A)
☐ Receivership (R) ☐ Limited Liability Company
☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|-----------------------------------|--|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input checked="" type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME HATCH VALLEY WATER CO.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	—	—	—
302	Franchises	—	—	—
303	Land and Land Rights	1200. ⁰⁰	—	—
304	Structures and Improvements	7613. ⁰⁰	5559. ⁸²	2053. ¹⁸
307	Wells and Springs	9174. ²⁷	9174. ²⁷	0
311	Pumping Equipment	17467. ⁹⁸	14332. ⁹²	1928. ⁸²
320	Water Treatment Equipment	—	—	—
330	Distribution Reservoirs and Standpipes	10,299. ⁴⁰	10,299. ⁴⁰	0
331	Transmission and Distribution Mains	19,571. ⁵⁸	18,443. ³²	1128. ²⁶
333	Services	—	—	—
334	Meters and Meter Installations	4787. ⁴⁸	4787. ⁴⁸	0
335	Hydrants	—	—	—
336	Backflow Prevention Devices	—	—	—
339	Other Plant and Misc. Equipment	—	—	—
340	Office Furniture and Equipment	256. ⁰⁴	256. ⁰⁴	0
341	Transportation Equipment	—	—	—
343	Tools, Shop and Garage Equipment	424. ⁰¹	424. ⁰¹	0
344	Laboratory Equipment	—	—	—
345	Power Operated Equipment	—	—	—
346	Communication Equipment	—	—	—
347	Miscellaneous Equipment	—	—	—
348	Other Tangible Plant	—	—	—
	TOTALS	70793.⁷⁶	63307.⁷⁸	7485.⁹⁸

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

HATCH VALLEY WATER CO.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	—	—	—
302	Franchises	—	—	—
303	Land and Land Rights	1200. ⁰⁰	N/A	—
304	Structures and Improvements	7613. ⁰⁰	13.48%	1026.23
307	Wells and Springs	9174. ²⁷	100%	0
311	Pumping Equipment	17467.98	2.53%	441. ⁹⁴
320	Water Treatment Equipment	—	—	—
330	Distribution Reservoirs and Standpipes	10299.40	9.37%	682. ⁷³
331	Transmission and Distribution Mains	19571.58	3.93%	769. ¹⁶
333	Services	—	—	—
334	Meters and Meter Installations	4787. ⁴⁸	100%	0
335	Hydrants	—	—	—
336	Backflow Prevention Devices	—	—	—
339	Other Plant and Misc. Equipment	—	—	—
340	Office Furniture and Equipment	256. ⁰⁴	100%	0
341	Transportation Equipment	—	—	—
343	Tools, Shop and Garage Equipment	424. ⁰¹	100%	0
344	Laboratory Equipment	—	—	—
345	Power Operated Equipment	—	—	—
346	Communication Equipment	—	—	—
347	Miscellaneous Equipment	—	—	—
348	Other Tangible Plant	—	—	—
	TOTALS	70793.76		2920.⁰⁶

This amount goes on the Comparative Statement of Income and Expense
Acct. No. 403.

COMPANY NAME HATCH VALLEY WATER Co.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 8207.63	\$ 10,142.59
134	Working Funds	—	—
135	Temporary Cash Investments	—	—
141	Customer Accounts Receivable	2289.44	1028.52
146	Notes/Receivables from Associated Companies	—	—
151	Plant Material and Supplies	—	—
162	Prepayments	—	—
174	Miscellaneous Current and Accrued Assets	940.50	1058.00
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 11437.57	\$ 12,229.16
	FIXED ASSETS		
101	Utility Plant in Service	\$ 69,587.59	\$ 70718.60
103	Property Held for Future Use	—	—
105	Construction Work in Progress	—	—
108	Accumulated Depreciation – Utility Plant	(60,177.82)	(62,741.76)
121	Non-Utility Property	—	—
122	Accumulated Depreciation – Non Utility	—	—
	TOTAL FIXED ASSETS	\$ 9409.75	\$ 7976.84
	TOTAL ASSETS	\$ 20,772.32	\$ 20,206.16

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME HATCH VALLEY WATER Co.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 160.00	\$ 369.04
232	Notes Payable (Current Portion)	1507.48	1584.60
234	Notes/Accounts Payable to Associated Companies	—	—
235	Customer Deposits	—	—
236	Accrued Taxes	109.75	101.89
237	Accrued Interest	—	—
241	Miscellaneous Current and Accrued Liabilities	489.42	23.77
	TOTAL CURRENT LIABILITIES	\$ 2266.65	\$ 2079.25
		—	—
	LONG-TERM DEBT (Over 12 Months)	—	—
224	Long-Term Notes and Bonds	\$ 28,910.09	\$ 27,325.49
		—	—
	DEFERRED CREDITS	—	—
251	Unamortized Premium on Debt	\$ —	\$ —
252	Advances in Aid of Construction	5701.63	5701.63
255	Accumulated Deferred Investment Tax Credits	—	—
271	Contributions in Aid of Construction	—	—
272	Less: Amortization of Contributions	—	—
281	Accumulated Deferred Income Tax	—	—
	TOTAL DEFERRED CREDITS	\$ 5701.63	\$ 5701.63
		—	—
	TOTAL LIABILITIES	\$ 36,878.37	\$ 35,106.47
		—	—
	CAPITAL ACCOUNTS	—	—
201	Common Stock Issued	\$ (36,680.00)	\$ (36,680.00)
211	Paid in Capital in Excess of Par Value	4500.00	4500.00
215	Retained Earnings	24331.58	16125.25
218	Proprietary Capital (Sole Props and Partnerships)	(8257.67)	1892.62
	TOTAL CAPITAL	\$ (16,106.09)	\$ (14,162.13)
		—	—
	TOTAL LIABILITIES AND CAPITAL	\$ 20,773.20	\$ 20,206.16

COMPANY NAME HATCH VALLEY WATER Co.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 25,029.94	\$ 27,354.24
460	Unmetered Water Revenue	—	—
474	Other Water Revenues	—	—
	TOTAL REVENUES	\$ 25,029.94	\$ 27,354.24
	OPERATING EXPENSES		
601	Salaries and Wages	\$ —	\$ —
610	Purchased Water	2520.00	—
615	Purchased Power	3006.73	2711.52
618	Chemicals	—	—
620	Repairs and Maintenance	5596.12	1977.54
621	Office Supplies and Expense	449.94	420.93
630	Outside Services	12569.15	12980.00
635	Water Testing	824.00	762.90
641	Rents	—	—
650	Transportation Expenses	253.75	—
657	Insurance – General Liability	1753.66	2166.00
659	Insurance - Health and Life	—	—
666	Regulatory Commission Expense – Rate Case	—	—
675	Miscellaneous Expense	236.25	—
403	Depreciation Expense	2946.24	2563.94
408	Taxes Other Than Income	774.95	—
408.11	Property Taxes	971.90	453.23
409	Income Tax	—	—
	TOTAL OPERATING EXPENSES	\$ 31,802.69	\$ 24036.06
	OPERATING INCOME/(LOSS)	\$ (6,772.75)	\$ 3318.18
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 20.97	\$ 6.96
421	Non-Utility Income	—	—
426	Miscellaneous Non-Utility Expenses	—	—
427	Interest Expense	(1505.89)	(1432.52)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (1484.92)	\$ 1892.62
	NET INCOME/(LOSS)	\$ (8257.67)	\$ 1892.62

COMPANY NAME HATCH VALLEY WATER Co

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	12/27/79	12/31/94		
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$ 50,000. ⁰⁰	\$ 8468. ³²	\$	\$
Amount Outstanding	\$ 27,827. ⁵⁸	\$ 6784. ¹⁴	\$	\$
Date of Maturity	12/31/2017	12/31/04		
Interest Rate	5% %	6 %	%	%
Current Year Interest	\$ 1342. ⁵³	\$ —	\$	\$
Current Year Principle	\$ 1507. ⁵⁹	\$ —	\$	\$

Meter Deposit Balance at Test Year End \$ —

Meter Deposits Refunded During the Test Year \$ —

COMPANY NAME Hatch Valley Water Co.

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
08014	(1) 7½ HP Submersible	60	—	2"	—	1963

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
3/4	3		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
20000	1	10000	1
		5000	1

COMPANY NAME HATCH VALLEY WATER Co.

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	4680
3	GALVANIZED	6750
4	PVC	4232
5	PVC	3415
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	70
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

N/A

STRUCTURES:

RAILROAD TIE Building

OTHER:

COMPANY NAME: Hatch Valley Water Co

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	67	318000	421
FEBRUARY	65	353000	447
MARCH	67	474000	574
APRIL	70	500000	581
MAY	70	818000	899
JUNE	70	984000	1232
JULY	71	1013000	1219
AUGUST	71	735000	379
SEPTEMBER	71	715000	893
OCTOBER	72	519000	688
NOVEMBER	71	368000	540
DECEMBER	67	323000	505
TOTAL			8378

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (X) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. 0.0084 mg/l
(If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME HATCH VALLEY WATER Co YEAR ENDING 12/31/2004

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 911²⁶

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COMPANY NAME _____ **YEAR ENDING 12/31/2004**

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported _____
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported _____
Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE

PRINTED NAME

TITLE

RECEIVED

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

JUL 05 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION

STATE OF _____
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	Mohave
NAME (OWNER OR OFFICIAL) TITLE	Richard L. Schneider
COMPANY NAME	Hatch Valley Water Co.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 27,354.24

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 1688.57
IN SALES TAXES BILLED, OR COLLECTED)

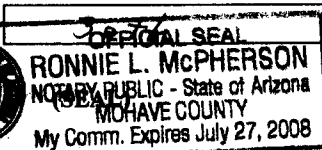
****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Richard L. Schneider
SIGNATURE OF OWNER OR OFFICIAL
769-2317
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



DAY OF

COUNTY NAME	Mohave	
MONTH	June	2005

Ronnie L. McPherson
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES July 27, 2008

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

RECEIVED

JUL 05 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>MOHAVE</u>	
NAME (OWNER OR OFFICIAL) <u>RICHARD L SCHWEIDER</u>	TITLE <u>PRESIDENT</u>
COMPANY NAME <u>HATCH VALLEY WATER Co.</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH <u>12</u>	DAY <u>31</u>	YEAR <u>2004</u>
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HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 27,354.24

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 1688.57
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Richard L. Schneider
SIGNATURE OF OWNER OR OFFICIAL

928-769-2317
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

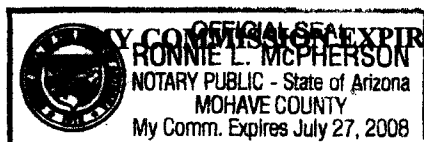
THIS

30th

DAY OF

NOTARY PUBLIC NAME <u>Ronnie L. McPherson</u>	
COUNTY NAME <u>Mohave</u>	
MONTH <u>June 30</u>	20 <u>05</u>

(SEAL)



X Ronnie L. McPherson
SIGNATURE OF NOTARY PUBLIC

HATCH VALLEY WATER CORPORATION
Compilation
BALANCE SHEET
DECEMBER 31, 2004

ASSETS

Current Assets

Cash on Hand & in Banks	\$	10,142.59	
Accounts Receivable		1,028.57	
Prepaid Insurance		1,058.00	
Total Current Assets	\$		12,229.16*

Fixed Assets (at cost)

Land		1,200.00	
Machinery and Equipment		62,390.76	
Accumulated Depreciation		(58,241.42)	
Furniture and Fixtures		75.00	
Accumulated Depreciation		(75.00)	
Leasehold Improvements		7,128.00	
Accumulated Depreciation		(4,500.34)	
Total Fixed Assets			7,977.00*

TOTAL ASSETS	\$		20,206.16*
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See Accountant's Compilation Report

HATCH VALLEY WATER CORPORATION
Compilation
BALANCE SHEET
DECEMBER 31, 2004

LIABILITIES & EQUITY

Current Liabilities

Accounts Payable	\$	(369.04)	
Notes Payable - Current		1,584.60	
Notes Payable - ATC Curr		5,701.63	
Sales Taxes Payable		101.84	
Accrued Expenses		23.77	
Total Current Liabilities	\$		7,042.80*

Long Term Liabilities

Notes Payable		27,827.58	
Less: Current Portion		(1,584.60)	
N.P.-Aid to Const. Pybls		6,784.14	
Less: Current Portion		(5,701.63)	
Total Long Term Liab.			27,325.49*

Membership Equity

Membership Equity	(36,680.00)	
Donated Equipment	4,500.00	
Retained Earnings - Beg.	16,125.25	
Profit (Loss) for Period	1,892.62	
Total Membership Equity		(14,162.13)*

TOTAL LIABILITIES & EQUITY

\$ 20,206.16*

See Accountant's Compilation Report

HATCH VALLEY WATER CORPORATION
 Compilation
 STATEMENT OF INCOME
 FOR THE ONE AND TWO PERIODS ENDED DECEMBER 31, 2004

	-- CURRENT QUARTER --		--- YEAR TO DATE ---	
	ACTUAL PERCENT		ACTUAL PERCENT	
	=====		=====	
Income				
Sales - Taxable	\$ 4,586.93	100.0	\$ 27,354.24	100.0
	-----	-----	-----	-----
* Total Income	4,586.93	100.0	27,354.24	100.0
	-----	-----	-----	-----
* Gross Profit	4,586.93	100.0	27,354.24	100.0
Operating Expenses				
Accounting	1,800.00	39.2	7,035.00	25.7
Bank Charges	60.00	1.3	70.00	0.3
Casual Labor	610.00	13.3	5,120.00	18.7
Dues and Subscriptions			250.25	0.9
Depreciation	485.32	10.6	2,563.94	9.4
Franchise Fee			500.60	1.8
Insurance - General	541.50	11.8	2,048.50	7.5
Lab Fees	31.00	0.7	264.00	1.0
Office Supplies	60.00	1.3	604.13	2.2
Rent			24.00	0.1
Repairs & Maintenance	1,190.00	25.9	1,767.24	6.5
Supplies	(110.97)	(2.4)	210.30	0.8
Taxes and Licenses	394.90	8.6	420.94	1.5
Taxes - Real Estate	226.23	4.9	445.64	1.6
Utilities - Electric	551.34	12.0	2,711.52	9.9
	-----	-----	-----	-----
* Total Operating Expenses	5,839.32	127.3	24,036.06	87.9
	-----	-----	-----	-----
* Operating Profit (Loss)	(1,252.39)	(27.3)	3,318.18	12.1
Other Income				
Interest Income	1.85	0.0	6.96	0.0
	-----	-----	-----	-----
* Total Other Income	1.85	0.0	6.96	0.0

See Accountant's Compilation Report

HATCH VALLEY WATER CORPORATION
 Compilation
 STATEMENT OF INCOME
 FOR THE ONE AND TWO PERIODS ENDED DECEMBER 31, 2004

	-- CURRENT QUARTER --		--- YEAR TO DATE ----	
	ACTUAL PERCENT		ACTUAL PERCENT	
	=====		=====	
Other Expense				
Interest Expense	351.05	7.7	1,432.52	5.2
	-----	-----	-----	-----
* Total Other Expenses	351.05	7.7	1,432.52	5.2
	-----	-----	-----	-----
* Profit (Loss) for Period	\$ (1,601.59)	(34.9)	\$ 1,892.62	6.9
	=====	=====	=====	=====

See Accountant's Compilation Report

**HATCH VALLEY WATER COMPANY
P.O. BOX 271
PEACH SPRINGS, ARIZONA 86434-0271**

The Annual Meeting of the Hatch Valley Water Company was brought to order at 7:00 p.m. on Feb. 17, 2005 at the Valentine School in Truxton, Arizona.

A quorum was declared with 11 members present.

The minutes from the previous Annual Meeting were read and approved.

Gary Olson and Tap Tomlinson terms are expiring.

Gary Olson was nominated by Rick Schneider, Don Dwiggins seconded the motion. Gary Olson nominated Tap Tomlinson and Rick Schneider seconded the motion. Both were re-elected by acclimation.

Old Business: Rural Development Grant/Loan. Robert Lanford says they are just about ready to start. But----we have heard for this for several years now. Hopeful it will be this year.

New Business: Rate increase. We must apply for an increase. The last increase was in 1991. Costs have increased considerably. We also need to add in the cost of repayment of R.D. Grant/Loan.

Consider enlarging our service area.

Charlie Chamberlain asks permission to put a gate in the fence by the well for access to his property. Permission was granted. He wants a written confirmation of this agreement.

No further business motion to adjourn was made by Rick Schneider at 7:40p.m. and seconded by Randy Becker.

**HATCH VALLEY WATER COMPANY
P.O. BOX 271
PEACH SPRINGS, ARIZONA 86434-0271**

List of Directors Feb.17, 2005

**Richard L. Schneider, President
H.C. 35 Box 211
Peach Springs, Az. 86434
938-769-2317**

Term expires Feb. 2007

**Kenneth D. Dwiggin, Vice Pres.
H.C. 35 Box 15
Peach Springs, Az. 86434
928-769-2284**

Term expires Feb. 2007

**Tap Tomlinson, Sec./Trea.
H.C. 35 Box 20
Peach Springs, Az. 86434
928-769-2607**

Term expires Feb. 2008

**Gary Olson, Director
H.C. 35 Box 12
Peach Springs, Az. 86434
928-769-2391**

Term expires Feb. 2008

**Randy Becker, Director
H.C. 35 Box 54
Peach Springs, Az. 86434
928-769-2505**

Term expires Feb. 2006